

Message Text

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ORIGIN EB-07

INFO OCT-01 EA-07 NEA-10 ISO-00 AGR-05 IO-11 SSO-00 NSCE-00

USIE-00 INRE-00 SP-02 AID-05 NSC-05 CIEP-01 TRSE-00

SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 IGA-02

L-03 TAR-01 /101 R

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USDA/FAS:HNORTON

NEA/PAB:MGJONES

EA/IMS:WSSHEPARD

----- 022948

O 082037Z JAN 76

FM SECSTATE WASHDC

TO AMEMBASSY KUALA LUMPUR IMMEDIATE

AMEMBASSY SINGAPORE IMMEDIATE

AMEMBASSY ISLAMABAD IMMEDIATE

AMEMBASSY JAKARTA PRIORITY

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E.O. 11652: N/A

TAGS: EAID, PK, MY, SN

SUBJECT:PL 480 EDIBLE OIL FOR PAKISTAN

REF: (A) KUALA LUMPUR 90; (B) SINGAPORE 73;
(C) STATE 304587

1. FOLLOWING MAY ALLAY CONCERNS RAISED BY PROPOSED
EDIBLE OIL PROGRAM FOR PAKISTAN AND SHOULD BE CONVEYED
TO GOM AND GOS. POINT SHOULD BE MADE THAT WE VALUE THE
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OPPORTUNITY FOR CONSULTATIONS, REGRET SHORT LEAD TIME

INVOLVED, AND ARE GLAD TO PROVIDE FURTHER PARTICULARS.

2. PROJECTIONS OF PAKISTAN'S COTTONSEED CROP HAVE BEEN LOWERED DUE TO FLOOD DAMAGE, WHILE CONSUMPTION OF EDIBLE OILS AND PRODUCTS CONTINUES TO RISE. AS RESULT, GOP ESTIMATES TOTAL IMPORT REQUIREMENT FOR FISCAL YEAR 1976 WILL RISE TO 210,000 METRIC TONS OF EDIBLE OILS- THUS PL 480 FINANCING OF 40,000 MT SHOULD NOT INTERFERE WITH USUAL COMMERCIAL PURCHASES.

3. IN ACCORD WITH NORMAL U.S. AND UN/FAO PRACTICE, PROPOSED USUAL MARKETING REQUIREMENT (UMR) OF 83,000 METRIC TONS IS AVERAGE OF COMMERCIAL IMPORT DATA AVAILABLE FOR MOST RECENT FIVE-YEAR PERIOD. IT IS ALMOST FOUR TIMES AS LARGE AS LAST UMR (21,500 MT), REFLECTING PAKISTAN'S INCREASING DEMAND FOR EDIBLE OILS IN RECENT YEARS. UMRS ARE INTENDED TO INSURE THAT A COUNTRY RECEIVING A COMMODITY UNDER CONCESSIONAL FINANCING ARRANGEMENTS CONTINUES TO BUY WITH ITS OWN FUNDS ITS USUAL PURCHASES OF THE SAME COMMODITY. THE UMR SERVES AS A FLOOR NOT A CEILING TO COMMERCIAL PURCHASES; THUS IT ONLY SPECIFIES THE MINIMUM QUANTITY TO BE BOUGHT AND DOES NOT PREVENT A RECIPIENT COUNTRY FROM BUYING MORE COMMERCIALY. AS NOTED ABOVE, EVEN INCLUDING THE 40,000 MT IMPORTED UNDER PL 480, WE BELIEVE THAT PAKISTAN'S COMMERCIAL IMPORTS WILL RISE FROM THEIR FIVE-YEAR 83,000 TON AVERAGE TO 210,000 MT FOR FY 1976.

4. RE PARA. 3 REF. (B), U.S. HAS NUMBER OF SAFEGUARDS TO INSURE THAT ALL ASPECTS OF PL 480 AGREEMENTS ARE COMPLIED WITH, SINCE FAILURE TO MEET ANY TERMS AND CONDITIONS OF AGREEMENTS IS CONSIDERED A SERIOUS VIOLATION. WE DO NOT ANTICIPATE PAKISTAN'S FALLING SHORT OF ITS UMR IN VIEW OF TOTAL REQUIREMENT NOTED ABOVE, AND ITS LONG HISTORY OF COMPLIANCE UNDER PAST PL 480 AGREEMENTS. PAKISTAN HAS FULLY COMPLIED WITH THESE PROVISIONS UNDER PL 480 AGREEMENTS SINCE THE INCEPTION OF THE PROGRAM IN 1955.

5. FOR ISLAMABAD: ANY FURTHER COMMENTS THAT MAY BE LIMITED OFFICIAL USE

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USEFUL TO KUALA LUMPUR AND SINGAPORE WOULD BE APPRECIATED, PARTICULARLY ON PARA. 1.B. REF. (A). CANCELLATION OF FIRM COMMERCIAL CONTRACTS WOULD BE VIEWED SERIOUSLY. PLEASE DIRECT YOUR COMMENTS TO WASHINGTON AS WELL AS AMEMBASSY KUALA LUMPUR.

6. FOR KUALA LUMPUR: DO NOT UNDERSTAND GOM STATEMENT REPORTED IN PARA. 1.C. REF. (A). WHEN USG IS CONSIDERING

SUPPLYING PL 480 ASSISTANCE, IT BILATERALLY CONSULTS WITH ALL SUPPLIER COUNTRIES OF THE PARTICULAR COMMODITY INVOLVED. IN THIS INSTANCE, SINGAPORE, INDONESIA, MALAYSIA, CANADA, NETHERLANDS AND THE EEC HAVE BEEN CONSULTED.

7. FOR YOUR INFORMATION AND SHOULD QUESTION ARISE, WE EXPECT TO APPROVE AND CONSULT IN NEAR FUTURE ON PROGRAM OF ABOUT 25,000 MT EDIBLE OIL FOR BANGLADESH WHICH, UNDER PRESENT PLANS, WOULD BE ONLY OTHER MAJOR VEGOIL PROGRAM. KISSINGER

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Margaret P. Grafeld
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